

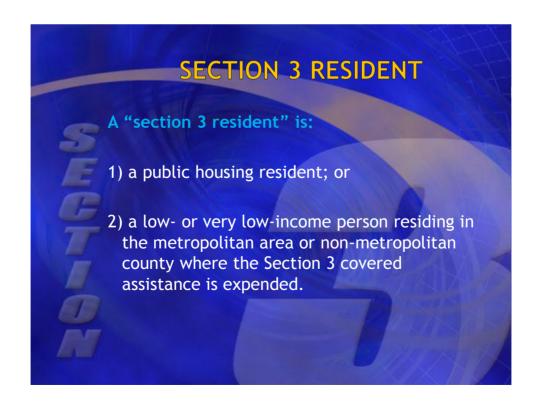
## SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT

SHELLDY

To ensure that employment, training, and contracting opportunities generated from certain HUD funded projects will be directed to low and very low-income persons—particularly those receiving assistance for housing—and the *businesses* that substantially employ these persons.

## HUD funds are one of the largest sources of federal investment in distressed communities These funds typically result in new employment, training and contracting opportunities Section 3 is designed to direct those opportunities to local residents and businesses

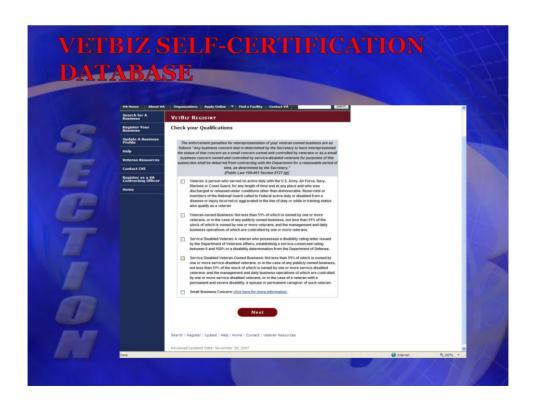




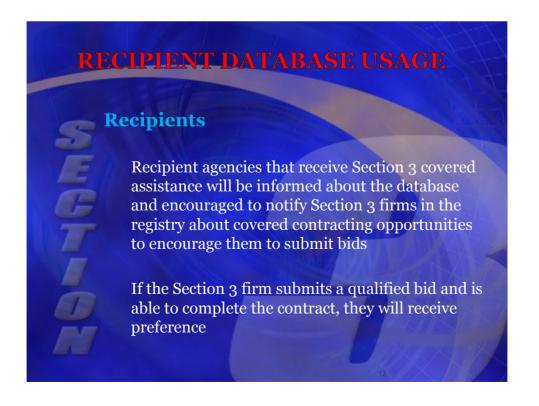
# SECTION 3 BUSINESS 51 percent or more owned by Section 3 residents; or At least 30 percent of its full time employees include persons that are currently Section 3 residents, or were Section 3 residents within three years of the date of first hire\*; or Provides evidence, as required, of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to businesses that meet the qualifications of a) or b) above.















## **MONITORING AND OVERSIGHT**

- Notify HUD of potential business misrepresentations
- Businesses found to have misrepresented themselves will be removed from database and penalized as appropriate
- The Department will periodically conduct random audits of a percentage of the Section 3 businesses

### SECTION 3 REGULATION

Was not enforced for a very long time

- Passed by Congress as a Great Society Program (1968)
  - Bush Administration started enforcement initiatives
- Obama administration continued to encourage enforcement

Section 3 Regulations Appendix

- I. Provides examples of efforts to offer training and employment opportunities to Section 3 residents
- II. Provides examples of efforts to award contracts to Section 3 business concerns
- III. Examples of procurement procedures that provide for preference for Section 3 business concerns



